

SEWERAGE DISTRICT NO. 1 OF THE
PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE
CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

ANNUAL
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sewerage District No. 1 of the Parish of Concordia
Ferryday, Louisiana

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia, Louisiana, a component unit of the Concordia Parish Police Jury, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia, Louisiana as of December 31, 2014 and 2013, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Commissioners' Compensation and Schedule of Insurance Coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended for the information of the Members of the District, the Concordia Parish Police Jury, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Natchez, Mississippi
June 1, 2015

SECTION I
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

INTRODUCTION

The management's discussion and analysis (MD&A) of the Sewerage District No. 1 of the Parish of Concordia's financial performance provides an overall narrative review of the District's financial activities for the years ended December 31, 2014 and 2013. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

The office of the Sewerage District No. 1 of the Parish of Concordia is located on Mack Moore Road near Ferriday, Louisiana in Concordia Parish.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$6,547,380 and \$6,943,683 at December 31, 2014 and 2013, respectively.
- Total expenditures exceeded revenues by \$396,303 for 2014 and \$452,500 for 2013.
- The District had net capital assets of \$9,050,687 and \$9,495,380 at December 31, 2014 and 2013, respectively.
- The District had salaries, payroll taxes, and benefits of \$76,464 and \$71,389 in 2014 and 2013, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Sewerage District No. 1 of the Parish of Concordia's basic financial statements. The District's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the financial statements.

Fund financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the most recent fiscal year.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 9 - 15 of this report.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

FUND FINANCIAL ANALYSIS

Net position for the periods ending December 31, 2014 and 2013

The following is a condensed statement of the Sewerage District No. 1 of the Parish of Concordia's net position as of December 31, 2014 and 2013:

	2014	2013
Current assets	\$ 87,969	\$ 88,568
Restricted assets	232,715	232,900
Noncurrent assets - capital assets	9,050,687	9,495,380
Total assets	<u>\$ 9,371,371</u>	<u>\$ 9,816,848</u>
Current liabilities - payable from restricted assets	\$ 121,386	\$ 121,890
Long-term liabilities	2,702,605	2,751,275
Total liabilities	<u>\$ 2,823,991</u>	<u>\$ 2,873,165</u>
Net position		
Investment in capital assets, net of related debt	\$ 6,299,488	\$ 6,697,558
Restricted for debt service	172,515	172,050
Unrestricted	75,377	74,075
Total net position	<u>\$ 6,547,380</u>	<u>\$ 6,943,683</u>

The largest portion of the District's net position (\$6,299,488 or 96%) is its investment in capital assets such as equipment less related debt expended in the acquisition of those assets.

Another portion of the District's net position (\$172,515 or 3%) is restricted to paying long-term debt. The remaining balance of the net position (\$75,377 or 1%) may be used to pay current operating expenses and utility deposits.

The District has long-term debt of \$2,751,200 which was used to finance additions to the utility system. More information concerning this debt may be found on pages 12 - 14 of the notes to the financial statements. Total liabilities of \$2,823,991 are equal to 30% of the total assets of the District.

The following is a summary of the statement of activities for 2014 and 2013:

	2014	2013
Revenues:		
Sewerage fees	\$ 535,641	\$ 516,419
Interest income	545	393
Total revenues and transfers	<u>\$ 536,186</u>	<u>\$ 516,812</u>
Expenses:		
Operating expenses	\$ 813,055	\$ 840,391
Interest expense	119,434	128,921
Total expenses	<u>\$ 932,489</u>	<u>\$ 969,312</u>
Change in net position	\$ (396,303)	\$ (452,500)
Net position, beginning of year	<u>6,943,683</u>	<u>7,396,183</u>
Net position, end of year	<u>\$ 6,547,380</u>	<u>\$ 6,943,683</u>

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

CAPITAL ASSETS AND DEBT

As of December 31, 2014, the District had \$9,050,687 invested in capital assets net of accumulated depreciation of \$4,816,791. During the year, expenditures were made as follows:

Bypass pump	\$ 3,098
Aerator alarm	<u>13,735</u>
	<u>\$ 16,833</u>

As of December 31, 2014, the District had outstanding bonded indebtedness of \$2,751,200. Principal and interest payments of \$166,198 are due to be paid during 2014. This debt consists of two different issues which are secured by a pledge of the sewer system and revenues from sewer fees. The debt is as follows:

Original balance of \$1,450,000 issued 2003 at 4 ¼% interest, due monthly at \$6,424	\$ 1,274,812
Original balance of \$1,646,000 issued 2004 at 4 ¾% interest, due monthly at \$7,423 including interest	<u>1,476,388</u>
Total indebtedness	<u>\$ 2,751,200</u>

MANAGEMENT COMMENTS AND PLANS

Year 2014 was a successful year in the progress of repairs to many lift stations, improving the efficiency of those lift stations and the lowering of energy bills. Each operator working for Sewerage District No. 1 has become certified and will continue with classes to have knowledge of the most updated requirements by the State.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Debi T. Duncan, Administrative Assistant, at (318) 757-7507.

SECTION II
BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2014 AND 2013

	2014	2013
Assets		
Current assets		
Cash	\$ 44,609	\$ 43,658
Accounts receivable	43,202	44,752
Accrued interest receivable	158	158
Total current assets	<u>\$ 87,969</u>	<u>\$ 88,568</u>
Restricted assets		
Debt reserve fund	\$ 95,684	\$ 82,423
Depreciation and contingency fund	76,831	89,627
Consumer deposits	60,200	60,850
Total restricted assets	<u>\$ 232,715</u>	<u>\$ 232,900</u>
Capital assets		
Property, plant, and equipment	\$ 13,867,478	\$ 13,850,645
Less accumulated depreciation	(4,816,791)	(4,355,265)
Total capital assets	<u>\$ 9,050,687</u>	<u>\$ 9,495,380</u>
Total assets	<u>\$ 9,371,371</u>	<u>\$ 9,816,848</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 4,975	\$ 7,063
Accrued interest payable	3,245	3,353
Payroll taxes payable	4,371	4,077
Tenant deposits	60,200	60,850
Notes payable, current portion	48,595	46,547
Total current liabilities	<u>\$ 121,386</u>	<u>\$ 121,890</u>
Long-term liabilities		
Notes payable, net of current portion	<u>\$ 2,702,605</u>	<u>\$ 2,751,275</u>
Total liabilities	<u>\$ 2,823,991</u>	<u>\$ 2,873,165</u>
Net Position		
Invested in capital assets, net of related debt	\$ 6,299,488	\$ 6,697,558
Restricted for debt service	172,515	172,050
Unrestricted	<u>75,377</u>	<u>74,075</u>
Total net position	<u>\$ 6,547,380</u>	<u>\$ 6,943,683</u>

The accompanying notes are an integral part of these financial statements.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating revenues		
Charges for sales and services		
Sewerage fees	\$ 520,641	\$ 501,119
Penalty charges	15,000	15,300
Total revenues	<u>\$ 535,641</u>	<u>\$ 516,419</u>
Operating expenses		
Salaries and benefits	\$ 74,470	\$ 69,488
Operating expenses	112,098	137,339
Bad debts	5,000	5,000
Commissioners' fees	6,100	6,400
Payroll taxes	1,994	1,901
Collection fees	51,431	50,279
Professional fees	10,001	10,448
Utility expense	58,566	73,658
Insurance	31,869	25,441
Depreciation	461,526	460,437
Total operating expenses	<u>\$ 813,055</u>	<u>\$ 840,391</u>
Operating (loss)	<u>\$ (277,414)</u>	<u>\$ (323,972)</u>
Nonoperating revenues (expenses)		
Interest income	\$ 545	\$ 393
Interest expense	(119,434)	(128,921)
Total nonoperating revenues (expenses)	<u>\$ (118,889)</u>	<u>\$ (128,528)</u>
Change in net position	\$ (396,303)	\$ (452,500)
Net position, beginning of year	<u>6,943,683</u>	<u>7,396,183</u>
Net position, end of year	<u>\$ 6,547,380</u>	<u>\$ 6,943,683</u>

The accompanying notes are an integral part of these financial statements.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities		
Cash received from sewer fees	\$ 536,541	\$ 520,432
Cash paid to suppliers and employees	(353,323)	(373,768)
Net cash provided by operating activities	<u>\$ 183,218</u>	<u>\$ 146,664</u>
Cash flows from investing activities		
Purchase of fixed assets	\$ (16,833)	\$ (3,531)
Net cash used for investing activities	<u>\$ (16,833)</u>	<u>\$ (3,531)</u>
Cash flows from capital and related financing activities		
Principal paid on notes payable	\$ (46,622)	\$ (37,242)
Interest paid on notes payable	(119,542)	(128,921)
Interest income	545	481
Net cash used for financing activities	<u>\$ (165,619)</u>	<u>\$ (165,682)</u>
Net increase (decrease) in cash and cash equivalents	\$ 766	\$ (22,549)
Cash and cash equivalents - beginning of year	276,558	299,107
Cash and cash equivalents - end of year	<u>\$ 277,324</u>	<u>\$ 276,558</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating (loss)	<u>\$ (277,414)</u>	<u>\$ (323,972)</u>
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation expense	\$ 461,526	\$ 460,437
Changes in assets and liabilities:		
Decrease in accounts receivable	1,550	4,563
Increase in accounts payable	(2,088)	6,445
(Decrease) increase in payroll taxes payable	294	(259)
(Decrease) in tenant deposits	(650)	(550)
Total adjustments	<u>\$ 460,632</u>	<u>\$ 470,636</u>
Net cash provided by operating activities	<u>\$ 183,218</u>	<u>\$ 146,664</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

INTRODUCTION

1. The District was created by ordinance of the Concordia Parish Police Jury in 1976.
2. The purpose of the District is to provide sewerage and waste treatment services to the rural areas of eastern Concordia Parish.
3. The District is governed by five commissioners appointed by the Concordia Parish Police Jury. The commissioners serve at the will of the Police Jury. They were compensated at the rate of \$100 per meeting.
4. The District has approximately 1,228 customers.
5. The District has two full-time and hires part-time employees as needed.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Sewerage District No. 1 of the Parish of Concordia is considered a component unit of the Concordia Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Sewerage District No. 1 reports the following proprietary fund:

Sewer Fund

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Sewerage fees are the primary operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Sewerage District No. 1 of the Parish of Concordia's investment policy allow the entity to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible accounts are recorded as an allowance for bad debts when they are identified.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. Restricted Assets

The following lists restricted assets of the Sewerage District No. 1 of the Parish of Concordia:

	2014	2013
Debt reserve fund	\$ 95,684	\$ 82,423
Contingency and depreciation fund	76,831	89,627
Customer deposits	60,200	60,850
	<u>\$ 232,715</u>	<u>\$ 232,900</u>

These assets are of limited use as required by bond covenants. Customer deposits are restricted to customer activity.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

Capital assets of the Sewerage District No. 1 of the Parish of Concordia are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation (if reported net on the balance sheet). Depreciation is computed using the straight line method over the estimated useful lives of 30 years for sewerage system and equipment, 10 years for other assets.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2014 and 2013, the Sewerage District No. 1 of the Parish of Concordia has cash and cash equivalents (book balances) totaling:

	2014	2013
Interest-bearing demand deposits	\$ 255,379	\$ 255,326
Time deposits	21,945	21,232
	<u>\$ 277,324</u>	<u>\$ 276,558</u>

The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2014, the District's total deposits with financial institutions (collected bank balances) were \$281,168. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$31,168 of pledged securities held by the custodial bank..

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable at December 31, 2014 and 2013, were as follows:

	2014	2013
Sewer billings	\$ 53,202	\$ 49,752
Less allowance for bad debts	(10,000)	(5,000)
Total accounts receivable	<u>\$ 43,202</u>	<u>\$ 44,752</u>

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 - CAPITAL ASSETS

A summary of the Sewerage District No. 1 of the Parish of Concordia's capital assets at December 31, 2014, follows:

<u>Primary Government</u>	<u>Balance, Beginning</u>	<u>Increase (Decrease)</u>	<u>Decrease</u>	<u>Balance, Ending</u>
Capital assets not being depreciated				
Land	\$ 142,888	\$ -	\$ -	\$ 142,888
Capital assets being depreciated	\$ 13,707,757	\$ 16,833	\$ -	\$ 13,724,590
Less accumulated depreciation	(4,355,265)	(461,526)	-	(4,816,791)
Total depreciable capital assets, net	\$ 9,352,492	\$ (444,693)	\$ -	\$ 8,907,799
Total capital assets, net	\$ 9,495,380	\$ (444,693)	\$ -	\$ 9,050,687

Depreciation expense of \$461,526 for the year ended December 31, 2014, was charged to operating expense.

A summary of the Sewerage District No. 1 of the Parish of Concordia's capital assets at December 31, 2014, follows:

<u>Primary Government</u>	<u>Balance, Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, Ending</u>
Capital assets not being depreciated				
Land	\$ 142,888	\$ -	\$ -	\$ 142,888
Capital assets being depreciated	\$ 13,704,226	\$ 3,531	\$ -	\$ 13,707,757
Less accumulated depreciation	(3,894,828)	(460,437)	-	(4,355,265)
Total depreciable capital assets, net	\$ 9,809,398	\$ (456,906)	\$ -	\$ 9,352,492
Total capital assets, net	\$ 9,952,286	\$ (456,906)	\$ -	\$ 9,495,380

Depreciation expense of \$ 460,437 for the year ended December 31, 2014, was charged to operating expense.

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of the notes payable for the year ended December 31, 2014:

	<u>Notes R-1, R-2, & R-3</u>	<u>Notes R-1 & R-2</u>	<u>Total</u>
Notes payable at January 1, 2014	\$ 1,297,263	\$ 1,500,559	\$ 2,797,822
Less principal paid	(22,451)	(24,171)	(46,622)
Add amounts borrowed	-	-	-
Notes payable at December 31, 2014	\$ 1,274,812	\$ 1,476,388	\$ 2,751,200

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 - LONG-TERM LIABILITIES (continued)

Long-term debt as of December 31, 2014 and 2013, was comprised of the following:

	<u>2014</u>	<u>2013</u>
Notes payable #R-1, R-2, and R-3 - Phase I - Sewer Revenue Bonds due to the United States of America, Rural Development, issued August 21, 2003, in the original amount of \$1,450,000 at an interest rate of 4 ¼% due in monthly installments of \$6,423, including amortized principal and interest through August 21, 2043. These loans are secured by a pledge of revenues from the sale of sewer services by the District.	\$ 1,274,812	\$ 1,297,263
Notes payable #R-1 and R-2 - Phase II - Sewer Revenue Bond due to the United States of America, Rural Development, issued June 21, 2004, in the original amount of \$1,646,000 at an interest rate of 4 ¾% due in monthly installments of \$7,423, including amortized principal and interest through June 21, 2044. This loan is secured by pledge of revenues from the sale of sewer services by the District.	<u>1,476,388</u>	<u>1,500,559</u>
Total debt	\$ 2,751,200	\$ 2,797,822
Less current portion	<u>(48,595)</u>	<u>(46,547)</u>
Total long-term debt	<u>\$ 2,702,605</u>	<u>\$ 2,751,275</u>

The Sewerage District No. 1 of the Parish of Concordia's proprietary fund bonds are governed by bond indentures, the terms of which are summarized as follows:

Notes R-1, R-2, & R-3 - Phase I

1. Sewer Revenue Bond and Interest Sinking Fund (Sinking Fund)

The District shall transfer monthly in advance on or before the 20th day of each month of each year a sum equal to the total amount of principal and interest falling due on the next principal payment date for the bonds (except during the first year the bonds are outstanding, a monthly sum equal to one-twelfth (1/12th) of the interest falling due on the first payment date).

2. Sewer Revenue Bond Reserve Fund (Reserve Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the sinking fund, to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest falling in any year on the bonds payable.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 - LONG-TERM LIABILITIES (continued)

3. Sewer Depreciation and Contingency Fund (Contingency Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the sinking fund, to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest due in any year on the bonds payable, then the monthly payments into the contingency fund shall increase by an amount equal to 5% of the amount being paid into the sinking fund.

The District is in compliance with each of these covenants.

The annual requirements to amortize notes payable as of December 31, 2014, including interest payments, are as follows:

	Principal	Interest	Total Payment
2015	\$ 48,595	\$ 117,603	\$ 166,198
2016	50,728	115,470	166,198
2017	52,967	113,231	166,198
2018	55,298	110,900	166,198
2019	57,732	108,466	166,198
2020-2024	329,078	501,913	830,991
2025-2029	408,174	422,817	830,991
2030-2034	506,278	324,712	830,990
2035-2039	627,968	203,022	830,990
2040-2044	614,382	55,689	670,071
Totals	<u>\$ 2,751,200</u>	<u>\$ 2,073,823</u>	<u>\$ 4,825,023</u>

NOTE 6 - PENSION PLAN

Plan Description. Substantially all employees of the Sewerage District No. 1 of the Parish of Concordia are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Parish funds and all elected Parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final-average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 6 - PENSION PLAN (continued)

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14610, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each Parish. These tax dollars are divided between Plan A and Plan B based proportionally on the salaries of the active members of each Plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sewerage District No. 1 of the Parish of Concordia's contributions to the System under Plan A for the years ending December 31, 2014 and 2013, were \$8,303 and \$7,708, respectively, equal to the required contributions for each year.

NOTE 7 - SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

Agency Head Name: Debi T. Duncan, Director

Salary	\$ 13,793
Benefits - insurance	3,948
Benefits - retirement	2,207
Total	<u>\$ 19,948</u>

SECTION III
OTHER SUPPLEMENTAL SCHEDULES

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
SCHEDULE OF COMMISSIONERS' COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2014

Mr. Rodney Matthews	\$ 1,200
Mr. Charles Turner	1,200
Mr. Eddie Nugent	1,300
Mr. Richard Crews	1,200
Mr. William Rayborn	<u>1,200</u>
	<u>\$ 6,100</u>

See Independent Auditor's Report.

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULES
SCHEDULE OF INSURANCE COVERAGE**

FOR THE YEAR ENDED DECEMBER 31, 2014

Below is a listing of insurance policies in force as of December 31, 2014:

<u>Policy Type</u>	<u>Number</u>	<u>Company</u>	<u>Coverage</u>	<u>Expiration</u>
1. Workers Comp. (LA) employer's liability Each accident Disease/each employee Disease/policy limit	028000018052114	LUBA	 \$1,000,000 \$1,000,000 \$1,000,000	12/31/2014
2. Property insurance	3127R869	Travelers Indemnity	Blanket Coverage	07/31/2015
3. General liability General aggregate Personal/advertising Each occurrence Damages to rental premises (each occurrence)	11N17540	Travelers Indemnity	 \$3,000,000 \$1,000,000 \$1,000,000 \$1,000,000	07/31/2015
4. Crime/directors/officers Employee theft Wrongful acts	11N17540	Travelers Indemnity	 \$200,000 \$1,000,000	07/31/2015
5. Business auto Combined single limit	9157P83A	Travelers Indemnity	 \$1,000,000	07/31/2015

See Independent Auditor's Report.

SECTION IV
OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
 OVER FINANCIAL REPORTING AND ON
 COMPLIANCE AND OTHER MATTERS BASED
 ON AN AUDIT OF THE FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
 Sewerage District No. 1 of the Parish of Concordia
 Ferriday, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia, a component unit of the Concordia Parish Police Jury, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Sewerage District No. 1 of the Parish of Concordia's basic financial statements, and have issued our report thereon dated June 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sewerage District No. 1 of the Parish of Concordia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sewerage District No. 1 of the Parish of Concordia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sewerage District No. 1 of the Parish of Concordia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sewerage District No. 1 of the Parish of Concordia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of management, members of the Police Jury, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Silas Simmons, LLP

Natchez, Mississippi
June 1, 2015

SECTION V
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 SCHEDULE OF FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. Material noncompliance relating to the financial statements? | No |

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 STATUS OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2013

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
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Section I – Internal Control and Compliance Material to the Financial Statements:

2013-1	<u>Late Filing of Audit Report</u>	Louisiana Revised Statute 24:513 requires all audit engagements be completed and transmitted to the Louisiana Legislative Auditor within six months of the close of the entity's year. Accordingly, this audit report was due to be filed no later than June 30, 2014, and was filed in August 2014.	Yes	This finding has been corrected.
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Section II – Internal Control and Compliance Material to Federal Awards:

None

Section III – Management Letter:

None

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I – Internal Control and Compliance Material to the Financial Statements:				
None				
Section II – Internal Control and Compliance Material to Federal Awards:				
None				
Section III – Management Letter:				
None				